

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Menominee Township	County Menominee
Fiscal Year End 3/31/07	Opinion Date 8/3/07	Date Audit Report Submitted to State 9/10/07	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

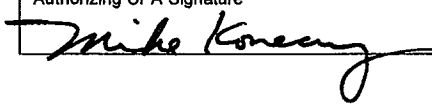
SM
NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Schenck SC		Telephone Number (920) 455-4265	
Street Address 2200 Riverside Drive; PO Box 23819		City Green Bay	State WI
		Zip 54305	
Authorizing CPA Signature 	Printed Name Mike Konecny		License Number 1101020511

MENOMINEE TOWNSHIP
MENOMINEE COUNTY, MICHIGAN
ANNUAL FINANCIAL REPORT
MARCH 31, 2007

**MENOMINEE TOWNSHIP
MENOMINEE COUNTY, MICHIGAN
March 31, 2007**

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INDEPENDENT AUDITORS' REPORT ON BASIC FINANCIAL STATEMENTS

To the Menominee Township Board
Menominee County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Menominee Township, Menominee County, Michigan ("the Township") as of and for the year ended March 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Menominee Township, Menominee County, Michigan's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township as of March 31, 2007, and the respective changes in financial position thereof and the respective budgetary comparison for the general fund and Cemetery special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 3, 2007, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Township has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The financial information listed in the table of contents as supplemental information is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Scheuch SC

Certified Public Accountants
Green Bay, Wisconsin
August 3, 2007

BASIC FINANCIAL STATEMENTS

**MENOMINEE TOWNSHIP
MENOMINEE COUNTY, MICHIGAN**
Statement of Net Assets
March 31, 2007

Governmental Activities

ASSETS

Cash and investments	\$ 2,026,455
Receivables	
Accounts	18,384
Restricted assets	
Cash and investments	78,001
Capital assets, nondepreciable	
Land	1,602
Capital assets, depreciable	
Land improvements	5,874
Buildings and improvements	188,222
Machinery and equipment	48,093
Less: Accumulated depreciation	<u>(157,823)</u>
TOTAL ASSETS	<u>2,208,808</u>

LIABILITIES

Accounts payable	<u>7,369</u>
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NET ASSETS

Invested in capital assets, net of related debt	85,968
Restricted for	
Cemetery perpetual care	78,001
Unrestricted	<u>2,037,470</u>
TOTAL NET ASSETS	<u><u>\$ 2,201,439</u></u>

The notes to the basic financial statements are an integral part of this statement.

MENOMINEE TOWNSHIP
MENOMINEE COUNTY, MICHIGAN
Statement of Activities
For the Year Ended March 31, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General government	\$ 205,835	\$ 2,480	\$ -	\$ -	\$ (203,355)
Public safety	56,000	-	-	-	(56,000)
Public works	322,954	-	-	-	(322,954)
Health and human services	26,026	10,100	-	-	(15,926)
Culture and recreation	7,589	-	-	-	(7,589)
Total Governmental Activities	618,404	12,580	-	-	(605,824)

General revenues

Taxes

Property taxes, levied for general purposes	43
Other taxes and franchise fees	7,913
Federal and state grants and other contributions not restricted to specific functions	277,619
Landfill impact fees	138,436
Interest and investment earnings	110,030
Miscellaneous	7,533
Total general revenues and transfers	<u>541,574</u>

Change in net assets (64,250)

Net assets - April 1 2,265,689

Net assets - March 31 \$ 2,201,439

The notes to the basic financial statements are an integral part of this statement.

MENOMINEE TOWNSHIP
MENOMINEE COUNTY, MICHIGAN
Balance Sheet
Governmental Funds
March 31, 2007

	General Fund	Cemetery Fund	(Non-Major Fund) Cemetery Perpetual Care	Total
ASSETS				
Cash and investments	\$ 2,009,051	\$ 17,404	\$ -	\$ 2,026,455
Receivables				
Accounts	18,384	-	-	18,384
Restricted cash and investments	-	-	78,001	78,001
TOTAL ASSETS	\$ 2,027,435	\$ 17,404	\$ 78,001	\$ 2,122,840
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 7,108	\$ 261	\$ -	\$ 7,369
Fund Balances				
Reserved for				
Cemetery perpetual care	-	-	78,001	78,001
Unreserved				
Designated for				
Subsequent year's expenditures	-	17,143	-	17,143
Subsequent year's budget	124,859	-	-	124,859
Undesignated, reported in				
General fund	1,895,468	-	-	1,895,468
Total Fund Balances	2,020,327	17,143	78,001	2,115,471
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,027,435	\$ 17,404	\$ 78,001	\$ 2,122,840

Reconciliation to the Statement of Net Assets

Total Fund Balances as shown above \$ 2,115,471

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds 85,968

Net Assets of Governmental Activities as Reported on the Statement of Net Assets (see page 3) \$ 2,201,439

The notes to the basic financial statements are an integral part of this statement.

MENOMINEE TOWNSHIP
MENOMINEE COUNTY, MICHIGAN
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended March 31, 2007

	General Fund	Cemetery Fund	(Non-Major Fund) Cemetery Perpetual Care	Total
Revenues				
Taxes	\$ 43	\$ -	\$ -	\$ 43
Intergovernmental	277,619	-	-	277,619
Licenses and permits	146,479	-	-	146,479
Public charges for services	2,350	5,100	5,000	12,450
Miscellaneous	112,607	19	4,937	117,563
Total Revenues	539,098	5,119	9,937	554,154
Expenditures				
Current				
General government	250,775	-	-	250,775
Public safety	56,000	-	-	56,000
Public works	322,954	-	-	322,954
Health and human services	-	19,623	-	19,623
Culture and recreation	6,409	-	-	6,409
Capital outlay	-	6,954	-	6,954
Total Expenditures	636,138	26,577	-	662,715
Excess of Revenues Over (Under)				
Expenditures	(97,040)	(21,458)	9,937	(108,561)
Other Financing Sources (Uses)				
Transfers in	-	25,430	-	25,430
Transfers out	(22,200)	-	(3,230)	(25,430)
Total Other Financing Sources (Uses)	(22,200)	25,430	(3,230)	-
Net Change in Fund Balances	(119,240)	3,972	6,707	(108,561)
Fund Balances - April 1	2,139,567	13,171	71,294	2,224,032
Fund Balances - March 31	\$ 2,020,327	\$ 17,143	\$ 78,001	\$ 2,115,471

Reconciliation to the Statement of Activities

Net Change in Fund Balances as shown above \$ (108,561)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital assets reported as expenditures in governmental fund statements	\$ 49,742
Depreciation expense reported in the statement of activities	(5,431)
Amount by which capital outlays are greater than depreciation in current period	<u>44,311</u>

Change in Net Assets of Governmental Activities as Reported in the Statement of Activities (see page 4)	<u>\$ (64,250)</u>
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The notes to the basic financial statements are an integral part of this statement.

MENOMINEE TOWNSHIP
MENOMINEE COUNTY, MICHIGAN
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
Year Ended March 31, 2007

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ -	\$ -	\$ 43	\$ 43
Intergovernmental	277,072	277,072	277,619	547
Licenses and permits	160,050	160,050	146,479	(13,571)
Public charges for services	2,000	2,000	2,350	350
Miscellaneous	77,000	77,000	112,607	35,607
Total Revenues	516,122	516,122	539,098	22,976
Expenditures				
Current				
General government	223,062	223,062	250,775	(27,713)
Public safety	49,000	49,000	56,000	(7,000)
Public works	256,950	256,950	322,954	(66,004)
Culture and recreation	106,147	106,147	6,409	99,738
Total Expenditures	635,159	635,159	636,138	(979)
Excess of Revenues Over (Under) Expenditures	(119,037)	(119,037)	(97,040)	21,997
Other Financing Uses				
Transfers out	(23,490)	(23,490)	(22,200)	1,290
Net Change in Fund Balances	(142,527)	(142,527)	(119,240)	23,287
Fund Balances - April 1	2,139,567	2,139,567	2,139,567	-
Fund Balances - March 31	\$ 1,997,040	\$ 1,997,040	\$ 2,020,327	\$ 23,287

MENOMINEE TOWNSHIP
MENOMINEE COUNTY, MICHIGAN
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Cemetery Fund
Year Ended March 31, 2007

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Public charges for services	\$ 4,000	\$ 4,000	\$ 5,100	\$ 1,100
Miscellaneous	2,900	2,900	19	(2,881)
Total Revenues	6,900	6,900	5,119	(1,781)
Expenditures				
Current				
Health and human services	23,390	23,390	19,623	3,767
Capital outlay	7,000	7,000	6,954	46
Total Expenditures	30,390	30,390	26,577	3,813
Excess of Revenues Over (Under) Expenditures	(23,490)	(23,490)	(21,458)	2,032
Other Financing Sources				
Transfers in	23,490	23,490	25,430	1,940
Net Change in Fund Balances	-	-	3,972	3,972
Fund Balances - April 1	13,171	13,171	13,171	-
Fund Balances - March 31	\$ 13,171	\$ 13,171	\$ 17,143	\$ 3,972

MENOMINEE TOWNSHIP
MENOMINEE COUNTY, MICHIGAN
Statement of Net Assets
Agency Fund
March 31, 2007

	Tax Collection
ASSETS	
Cash and cash equivalents	\$ 131
Accounts receivable	
Taxes receivable	<u>6,901</u>
 TOTAL ASSETS	 <u><u>\$ 7,032</u></u>
 LIABILITIES	
Due to other governments	<u>\$ 7,032</u>
 TOTAL LIABILITIES	 <u><u>\$ 7,032</u></u>

The notes to the basic financial statements are an integral part of this statement.

MENOMINEE TOWNSHIP
MENOMINEE COUNTY, MICHIGAN
Notes to Basic Financial Statements
March 31, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Menominee Township, Menominee County, Michigan ("the Township"), have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the Township are described below:

1. Reporting Entity

Menominee Township is a municipal corporation governed by an elected five member board. In accordance with GAAP, the basic financial statements are required to include the Township (the primary government) and any separate component units that have a significant operational or financial relationship with the Township. The Township has not identified any component units that are required to be included in the basic financial statements in accordance with standards established by GASB Statement Nos. 14 and 39.

2. Joint Ventures

The Township is a participant with Ingallston Township, Menominee County, Michigan in a joint venture to operate a landfill transfer station. The Menominee and Ingallston Township Transfer Station Board was created for that purpose. The Menominee and Ingallston Transfer Station is governed by a ten-member board composed of members from both Township Boards. The Townships are obligated by agreement to provide operating appropriations allocated 70% by Menominee Township and 30% by Ingallston Township. During 2006/2007 Menominee Township remitted an operating appropriation of \$7,000 to the Menominee-Ingallston Transfer Station. Complete financial statements for the Menominee and Ingallston Transfer Station can be obtained from the Menominee Township Clerk's office at the Menominee Township Hall.

The Township is also a participant with Ingallston Township, Menominee County, Michigan, in a joint venture to operate the Menominee-Ingallston Township Fire Department. The Menominee-Ingallston Fire Department Board was created for that purpose. The Menominee-Ingallston Fire Department is governed by a ten-member board composed of members from both Township Boards. The Townships are obligated to by agreement to provide operating appropriations allocated 70% by Menominee Township and 30% by Ingallston Township. During 2006/2007, Menominee Township remitted an operating appropriation of \$56,000 to the Menominee-Ingallston Fire Department. Complete financial statements for the Menominee-Ingallston Fire Department can be obtained from the Menominee Township Clerk's office at the Menominee Township Hall.

3. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Township. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services. The Township has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

MENOMINEE TOWNSHIP
MENOMINEE COUNTY, MICHIGAN
Notes to Basic Financial Statements
March 31, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Governmental funds include general and special revenue funds. The Township has no proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Township reports the following major governmental funds:

GENERAL FUND

This is the Township's main operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

CEMETERY FUND

This fund accounts for the operating resources and expenditures of the Township's cemetery.

Additionally, the government reports the following fund type:

The Township accounts for property taxes collected on behalf of other governments in an *agency fund*.

4. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Certain private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, and fees and fines, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources, as they are needed.

MENOMINEE TOWNSHIP
MENOMINEE COUNTY, MICHIGAN
Notes to Basic Financial Statements
March 31, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Assets, Liabilities and Net Assets or Equity

a. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

b. Accounts Receivable

Accounts receivable are recorded at gross amount with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements.

c. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" on the balance sheet. Noncurrent portions of the interfund receivables for the governmental funds are reported as "advances to other funds" and are offset by a reservation of fund balance since they do not constitute expendable available financial resources and therefore are not available for appropriation.

d. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the government-wide financial statements. The Township owns no infrastructure assets. Capital assets are defined by the Township as assets with an initial, individual cost of \$100 or higher and an estimated useful life in excess of 1 year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property, plant, and equipment of the Township are depreciated using the straight-line method over the following estimated useful lives:

	Governmental Activities Years
<u>Assets</u>	
Land improvements	10 - 20
Buildings	10 - 40
Machinery and equipment	3 - 10

e. Fund Equity

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

MENOMINEE TOWNSHIP
MENOMINEE COUNTY, MICHIGAN
Notes to Basic Financial Statements
March 31, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENT-WIDE STATEMENTS

Equity is classified as net assets and displayed in three components:

- Invested in capital assets, net of related debt - Amount of capital assets, net of accumulated depreciation, less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net assets - Amount of net assets that are subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- Unrestricted net assets - Net assets that are neither classified as restricted nor as invested in capital assets, net of related debt.

6. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

NOTE B - STEWARDSHIP AND COMPLIANCE

Budgets and Budgetary Accounting

The Township follows these procedures in establishing the budgetary data reflected in the basic financial statements:

- a. During March, the Township proposes an operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by Township Board action.
- b. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general and special revenue funds. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
- c. During the year, formal budgetary integration is employed as a management control device for the general and special revenue funds.
- d. Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the Township. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the Township Board.
- e. Encumbrance accounting is not used by the Township to record commitments related to unperformed contracts for goods or services.

The Township did not have any material violation of legal or contractual provisions for the fiscal year ended March 31, 2007.

MENOMINEE TOWNSHIP
MENOMINEE COUNTY, MICHIGAN
Notes to Basic Financial Statements
March 31, 2007

NOTE C - DETAILED NOTES ON ALL FUNDS

1. Cash and Investments

The Township maintains various cash and investment accounts, including pooled funds that are available for use by all funds. Each fund's portion of these accounts is displayed in the financial statements as "Cash and investments."

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan. The Township's deposits are in accordance with statutory authority.

The carrying amount of the Township's cash and investments totaled \$2,104,587 on March 31, 2007 as summarized below:

Deposits with financial institutions	\$ 709,068
Investments	1,395,519
	<u>\$ 2,104,587</u>

Reconciliation to the basic financial statements:

Basic financial statements	
Cash and investments	\$ 2,026,455
Restricted cash and investments	78,001
Fiduciary fund	
Agency fund	131
	<u>\$ 2,104,587</u>

Deposits and investments of the Township are subject to various risks. Presented below is a discussion of the specific risks and the Township's policy related to the risk.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The Township does not have an additional custodial credit policy.

Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$100,000 for interest bearing accounts and \$100,000 for non-interest bearing accounts.

As of March 31, 2007, \$215,396 of the Township's deposits with financial institutions were in excess of federal depository insurance limits and uncollateralized (or collateralized with securities held by the pledging financial institution or its trust department or agent but not in the Township's name).

MENOMINEE TOWNSHIP
MENOMINEE COUNTY, MICHIGAN
Notes to Basic Financial Statements
March 31, 2007

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of year end for each investment type.

Investment Type	Amount	Exempt From Disclosure	AAA	Aa	Not Rated
Federal agency securities	\$ 1,176,919	\$ -	\$ 1,176,919	\$ -	\$ -
Money market	145,816	145,816	-	-	-
Mutual funds	72,784	72,784	-	-	-
Totals	\$ 1,395,519	\$ 218,600	\$ 1,176,919	\$ -	\$ -

Concentration of Credit Risk

The investment policy of the Township contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total Township investments are as follows:

Issuer	Investment Type	Reported Amount	Percent of Total Investments
Federal Farm Credit Banks	U.S. Instrumentality	\$ 94,863	6.8%
Federal Home Loan Banks	U.S. Instrumentality	363,373	26.0%
Federal Home Loan Mortgage Corporation	U.S. Instrumentality	374,348	26.8%
Federal National Mortgage Association	U.S. Instrumentality	334,674	24.0%

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Township manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the Township's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Township's investments by maturity:

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Federal agency securities	\$ 1,176,919	\$ 197,876	\$ 153,339	\$ 250,556	\$ 575,148
Money market	145,816	145,816	-	-	-
Mutual funds	72,784	72,784	-	-	-
Totals	\$ 1,395,519	\$ 416,476	\$ 153,339	\$ 250,556	\$ 575,148

MENOMINEE TOWNSHIP
MENOMINEE COUNTY, MICHIGAN
Notes to Basic Financial Statements
March 31, 2007

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The Township's investments include the following investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above):

Highly Sensitive Investments	Fair Value at Year End
Mortgage backed securities. These securities are subject to early payment in a period of declining interest rates. The resultant reduction in expected total cash flows affects the fair value of these securities and makes the fair values of these securities highly sensitive to changes in interest rates.	<u>\$1,167,258</u>

2. Restricted Assets

Restricted assets on March 31, 2007 totaled \$78,001 and consisted of cash and investments held for the following purpose:

Permanent Fund	
Cemetery perpetual care	<u>\$78,001</u>

3. Capital Assets

Capital asset activity for the year ended March 31, 2007 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Government activities:				
Capital assets, not being depreciated:				
Land	\$ 1,602	\$ -	\$ -	\$ 1,602
Capital assets, being depreciated:				
Land improvements	3,889	1,985	-	5,874
Buildings and improvements	140,465	47,757	-	188,222
Machinery and equipment	48,093	-	-	48,093
Subtotals	192,447	49,742	-	242,189
Less accumulated depreciation for:				
Land improvements	194	439	-	633
Buildings and improvements	121,425	1,835	-	123,260
Machinery and equipment	30,773	3,157	-	33,930
Subtotals	152,392	5,431	-	157,823
Total capital assets, being depreciated, net	40,055	44,311	-	84,366
Governmental activities capital assets, net	<u>\$ 41,657</u>	<u>\$ 44,311</u>	<u>\$ -</u>	85,968
Less related long-term debt outstanding				-
Investment in capital assets, net of related debt				<u>\$ 85,968</u>

MENOMINEE TOWNSHIP
MENOMINEE COUNTY, MICHIGAN
Notes to Basic Financial Statements
March 31, 2007

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Depreciation expense was charged to functions of the Township as follows:

Governmental activities	
General government	\$ 2,817
Culture and recreation	1,180
Health and human services	1,434
Total depreciation expense - governmental activities	<u>\$ 5,431</u>

4. Interfund Receivable, Payables, and Transfers

Interfund transfers for the year ended March 31, 2007 were as follows:

Interfund transfers for the year ended March 31, 2007 were as follows.

		<table><tr><td>Transfer to:</td></tr><tr><td>Cemetery</td></tr><tr><td>Fund</td></tr></table>	Transfer to:	Cemetery	Fund
Transfer to:					
Cemetery					
Fund					
Transfers from:					
General Fund	\$	22,200			
Cemetery perpetual care		3,230			
Totals	\$	<u>25,430</u>			

Transfer to cemetery fund was to finance operating activity of the Township's cemetery.

NOTE D - OTHER INFORMATION

1. Retirement Plan

The Township has a defined contribution pension plan covering only the Township board members. The Township's pension contribution for the year ended March 31, 2007 was \$16,562. There are no unfunded liabilities. The Township's contributions are based upon the prior year compensation for each board member.

2. Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The Township completes an annual review of its insurance coverage to ensure adequate coverage.

3. Contingencies

From time to time, the Township is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the Township's financial position or results of operations.

SUPPLEMENTAL INFORMATION

MENOMINEE TOWNSHIP
MENOMINEE COUNTY, MICHIGAN
General Fund
Detailed Comparison of Budgeted and Actual Revenues
Year Ended March 31, 2007

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Taxes				
Delinquent property taxes	\$ -	\$ -	\$ 43	\$ 43
Intergovernmental				
State shared taxes	270,000	270,000	270,454	454
Summer tax state revenue	7,065	7,065	7,158	93
CFR and swamp	7	7	7	-
Total Intergovernmental	277,072	277,072	277,619	547
Licenses and Permits				
Licenses and permits	250	250	130	(120)
Landfill impact fees	152,000	152,000	138,436	(13,564)
Cable television	7,800	7,800	7,913	113
Total Licenses and Permits	160,050	160,050	146,479	(13,571)
Public Charges for Services				
Rent - Town hall	2,000	2,000	2,350	350
Miscellaneous				
Interest on investments	70,000	70,000	82,072	12,072
Change in fair value of investments	-	-	23,002	23,002
Other	7,000	7,000	7,533	533
Total Miscellaneous	77,000	77,000	112,607	35,607
Total Revenues	\$ 516,122	\$ 516,122	\$ 539,098	\$ 22,976

MENOMINEE TOWNSHIP
MENOMINEE COUNTY, MICHIGAN
General Fund
Detailed Comparison of Budgeted and Actual Expenditures
Year Ended March 31, 2007

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
General Government				
Township board	\$ 35,250	\$ 35,250	\$ 28,863	\$ 6,387
Supervisor	20,450	20,450	17,986	2,464
Elections	4,850	4,850	16,127	(11,277)
Assessor	29,400	29,400	25,429	3,971
Clerk	26,070	26,070	26,492	(422)
Board of review	3,250	3,250	2,392	858
Treasurer	29,570	29,570	26,930	2,640
Legal and audit	15,000	15,000	7,350	7,650
Township hall and grounds	25,200	25,200	71,512	(46,312)
Property and liability insurance	12,000	12,000	11,132	868
Pension and benefits	17,600	17,600	16,562	1,038
Contingency	4,422	4,422	-	4,422
Total General Government	223,062	223,062	250,775	(27,713)
Public Safety				
Fire protection	49,000	49,000	56,000	(7,000)
Public Works				
Street lighting	5,000	5,000	4,106	894
Street traffic lights	500	500	326	174
Street signs	1,200	1,200	711	489
Street maintenance	250,250	250,250	310,811	(60,561)
Transfer station	-	-	7,000	(7,000)
Total Public Works	256,950	256,950	322,954	(66,004)
Culture and Recreation				
Recreation	106,147	106,147	6,409	99,738
Total Expenditures	\$ 635,159	\$ 635,159	\$ 636,138	\$ (979)

MEMORANDUM OF ADVISORY COMMENTS

**MENOMINEE TOWNSHIP
MENOMINEE COUNTY, MICHIGAN**

MARCH 31, 2007

To the Menominee Township Board
Menominee County, Michigan

We have completed our audit of the basic financial statements of Menominee Township for the year ended March 31, 2007. The Township's financial statements, including our report thereon, are presented in a separate audit report document. Our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute, assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, noncompliance with the provisions of laws, regulations, contracts and grants or other illegal acts may exist and not be detected by us.

Professional standards require us to consider the Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the Township's financial statements but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. As part of our audit, we have not performed procedures specifically to identify deficiencies in internal control or to express an opinion on the effectiveness of your internal control.

Audit standards were changed in 2006 by the American Institute of Certified Public Accountants (AICPA) to lower the definition of control deficiencies that we must communicate to management and the Township Board as part of our audit. In addition, the revised standard clarifies that the significance of a control deficiency is dependent on the *potential* for misstatement, not whether a misstatement actually occurred. As a result, the number of control deficiencies reported by auditors will significantly increase.

Statement of Auditing Standards No. 112, *Communicating Internal Control Related Matters Identified in an Audit*, requires us to:

- a. Evaluate identified control deficiencies and determine whether these deficiencies, individually or in combination, are significant deficiencies or material weaknesses.
- b. Communicate in writing to management and the Township Board control deficiencies that are considered significant deficiencies or material weaknesses, including those identified in previous audits that have not yet been corrected.

Responsibility of Management and the Auditor

The new standard is expected to generate additional discussion of internal controls and their importance between management and the auditors. The Township is responsible for establishing, maintaining and monitoring internal controls, and for the fair presentation of the Township financial statements, including notes, in conformity with accounting principles generally accepted in the United States of America. An effective internal control system includes anti-fraud controls, controls to ensure accurate and timely financial reporting and to ensure safeguarding of the Township's assets.

Management is responsible for making decisions concerning costs to be incurred to provide internal control and related benefits of these controls. We are responsible for communicating significant deficiencies and material weaknesses in accordance with professional standards, regardless of management's decisions.



We understand that not all control deficiencies can be corrected by the Township without incurring significant additional costs. The Township may already know of the existence of significant deficiencies or material weaknesses and may have made a conscious decision to accept that degree of risk because of cost or other considerations. For example, the Township annually contracts with us to make various routine adjusting and closing entries and prepare your financial statements in conformity with generally accepted accounting principles. The new standard indicates that we cannot be considered part of your internal controls.

Summary of Internal Control Communications

Included in this document is the following auditors' report required by government auditing standards.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance with Government Auditing Standards

The above report states that nothing came to our attention to indicate that the Township was not in compliance with laws, regulations, contracts and grants for which noncompliance with could have a material effect on the Township's financial statements. The above report also discloses the following control deficiencies:

Finding 2007-1: Year End Closing and Financial Reporting

It is important to realize that control deficiencies reported during our current year audit may have existed in prior years; however, prior auditing standards did not require us to communicate these control deficiencies to you.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Township) personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, Township Board, others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,



Certified Public Accountants
Green Bay, Wisconsin
August 3, 2007

MENOMINEE TOWNSHIP
Menominee County, Michigan
March 31, 2007

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SUMMARY FINANCIAL INFORMATION Governmental Fund Balances	4
OTHER REQUIRED COMMUNICATION	5

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Menominee Township Board
Menominee County, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Menominee Township, as of and for the year ended March 31, 2007, which collectively comprise Menominee Township's basic financial statements and have issued our report thereon dated August 3, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Menominee Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of Menominee Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Menominee Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting. We consider the deficiency described in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Menominee Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Menominee Township's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit Menominee Township's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Township Board, and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountants
Green Bay, Wisconsin
August 3, 2007

**MENOMINEE TOWNSHIP
MENOMINEE COUNTY, MICHIGAN
Schedule of Findings and Responses
For the Year Ended March 31, 2007**

Section I - Internal Control Over Financial Reporting

Finding 2007-1: Year End Closing and Financial Reporting

Finding No.	Control Deficiencies
-------------	----------------------

2007-01 Year End Closing and Financial Reporting

Condition: While the current staff of the Township maintain financial records which report revenues and expenditures throughout the year, preparing year end adjusting, closing and GASB 34 conversion entries necessary to prepare financial statements, including related notes and state financial reports require additional expertise that would entail additional training and staff time to develop. The Township contracts with Schenck and their knowledge of current accounting principles and regulatory requirements to prepare required journal entries and financial reports for the Township in an efficient manner.

Criteria: The review of financial statements by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential misstatement in the financial statements or notes.

Cause: The additional costs associated with hiring staff experienced in preparing year end adjusting, closing, and GASB 34 conversion entries and financial reports, including additional training time outweigh the derived benefits.

Recommendation: We recommend the Township continue reviewing the adjusting, closing and GASB 34 conversion entries along with the financial reports prepared by Schenck. While it may not be cost beneficial to hire additional staff to prepare these items, a thorough review of this information by appropriate staff of the Township is necessary to obtain an adequate understanding of the Township's financial report.

Management Response: Management believes that the cost of hiring additional staff to prepare year end adjusting and closing entries and to prepare financial reports outweighs the benefits to be received.

SUMMARY FINANCIAL INFORMATION

Governmental Fund Balances

Presented below is a summary of the Township's fund balances on March 31, 2007, including a comparison to the prior year. This information is provided to assist the Township Board in assessing financial results for 2006/2007 and to indicate financial resources available at the start of the 2007/2008 budget year.

	3/31/07	3/31/06
General Fund		
Designated for subsequent years' budget	\$ 124,859	\$ 92,607
Undesignated	1,895,468	2,046,960
Total General Fund	<u>2,020,327</u>	<u>2,139,567</u>
Special Revenue Fund		
Cemetery operations	<u>17,143</u>	<u>13,171</u>
Permanent Fund		
Cemetery perpetual care	<u>78,001</u>	<u>71,294</u>
Total Fund Balances	<u>\$ 2,115,471</u>	<u>\$ 2,224,032</u>

We encourage local governments to maintain a general fund undesignated fund balance to meet operating cash flows. The above undesignated amount of \$1,895,468 at March 31, 2007 represents, in our opinion, more than an adequate fund balance based upon 2006/2007 expenditures.

The General Fund decreased by \$119,240 for fiscal year ended March 31, 2007 decreasing the Town's undesignated fund balance. Given this unique situation of having a large fund balance in relation to annual expenditures we continue to recommend the Township consider the following:

- Begin working on developing a 5-10 year capital projects plan by identifying possible areas for capital expenditures. Examples are as follows:
 1. New park equipment included in the 2007/2008 budget.
 2. Future Fire Department capital needs (fire station, fire equipment).
 3. Road maintenance and construction schedule.
 4. Other items as identified by the board or Township citizens.

OTHER REQUIRED COMMUNICATION

In accordance with the requirements of government auditing standards generally accepted in the United States of America, the following disclosures are presented:

1. **Significant Accounting Policies**

The significant accounting policies used in the preparation of the financial statements are disclosed in Note A to the basic financial statements. There have been no material unusual transactions or controversial accounting issues.

2. **Accounting Estimates**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. We are not aware of any particularly sensitive accounting estimates used by management in the preparation of the financial statements.

3. **Significant Audit Adjustments**

The financial statements reflect all accounting adjustments proposed during our audit. None of the adjustments were considered significant to the financial condition or operating results of the Township. Copies of the audit adjustments are available from management.

4. **Other Information in Documents Containing Audited Financial Statements**

All the information included in the basic financial statements has been audited. Our responsibilities are addressed in the Independent Auditors' Report.

5. **Disagreements with Management**

We have had no material disagreements with management. For the purposes of this disclosure, professional accounting standards define a disagreement with management as a matter concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report.

6. **Consultations with Other Auditors**

To the best of our knowledge, management has not consulted with or obtained opinions from other independent auditors on auditing and accounting matters during the past year.

7. **Issues Discussed Prior to the Current Audit**

We have discussed various accounting and financial issues, including the application of any new and changed accounting principles or auditing standards, with management prior to conducting the audit. These discussions occurred in the normal course of our professional relationship and our responses were not a condition to completing the services as your auditor.

8. **Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing the audit.